



WIRE & WIRE PRODUCTS

ESTABLISHED IN 1964



Q2 2014 Quarterly Results

Since 1964, Tree Island Steel has been making products from steel wire for a diverse range of customers for industrial, construction, agricultural, and specialty applications.

Our products include galvanized wire, bright wire, a broad array of fasteners, including packaged, collated and bulk nails, stucco reinforcing products, concrete reinforcing mesh, fencing, and other fabricated wire products. We market these products under the Tree Island, Halsteel, K-Lath, Industrial Alloys, TI Wire, and Tough Strand Brand names. We also operate a China-based company that assists with international sourcing of products.

Listed on the Toronto Stock Exchange (“TSX”), our shares trade under the symbol TSL.

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TO OUR SHAREHOLDERS

Letter to Shareholders

The second quarter of 2014 demonstrated the strength in certain of our key end-markets, resulting in strong top line and volume growth. The pace and momentum that started in 2013, has carried itself through this first half of 2014. In the quarter we increased our volumes 24.8% over Q2 2013 and our revenues increased by 17.7%. Based on this positive trend of growing demand, we had to incur certain costs during the quarter to adjust our labour force and overall operations to position Tree Island in a manner to capture optimal revenue and profitability going forward.

This quarter we continue to press on towards growing sales, establishing new customer relationships and continue to grow Tree Island's footprint while leveraging our brand, quality and service, to maximize profitability. We anticipate that the growth related costs incurred, primarily from increasing our labour personnel by 22% and increasing the pace of our maintenance programs, will begin to level out and bear results in future periods as we continue to demonstrate our focus on profitable growth. We anticipate that we will continue to incur similar costs for a portion of the rest of this year. The training and maintenance costs are an important part of building our base of support for future growth of the Company and a fundamentally stronger business, enabling us to deliver sustainable revenue growth and profitability.

In the second quarter, the Company generated revenue of \$47.8 million, compared to \$40.6 million during the same period in 2013, and sales volumes of 36,398 tons, compared to 29,160 tons in 2013.

During this period, the growth in volumes and operating leverage contributed positively to our gross profit for the period but as a result of the investments we made to adjust the business for further growth, gross profit decreased to \$4.6 million from \$5.4 million in Q2 2013. The gross profit was impacted by \$0.7 million due to growth related investments associated with the ramp up in volumes and the training of staff, as well as maintenance of operations to be well positioned for the continued demand in certain of the Tree Island's key end markets. Also impacting our gross profit was the strengthening of the US dollar on our sales into Canada that we could not pass on through price increases to our Canadian customers. As a result of the above items, our gross profit slipped to \$127 per ton versus the \$185 per ton achieved in 2013 which resulted in our EBITDA for the quarter to be \$1.9 million versus \$2.9 million for the same period last year.

As we have brought on the volume into the facilities, our product mix shifted and the high growth areas have been in the lower margin product groups primarily in our Industrial market and additionally, we are seeing highly competitive environments for our Residential products. Along with the costs noted above, our gross profit as a percentage of revenue was reduced to 9.7% in the quarter versus 13.3% in Q2 2013.

We continue to work towards building a solid platform to leverage the Company forward in an improved marketplace and use what we have learned through this most recent growth spurt to train and adapt more quickly to maintain a higher profitability for future stages of increased activity. The demand for our products, our quality and brands across our markets continue to fuel our growth. At the same time, we keep our focus on the pace of momentum in our key end markets and look to keep a diversified mix of products to address the evolving overall demand levels in those markets.

While we have increased our volumes significantly in this quarter, for the first half of the year we increased volumes by 26.0% over last year. We anticipate that the pace of economic growth is still moderate and therefore, remain cautiously optimistic with our prospects for growth and increases in demand in our end markets. We also anticipate that with continued growth that we will encounter more situations where we will need to be responsive and quickly adapt and invest in the business to support and further strengthen our objective to build a sustainable growth oriented and profitable company for the future.

We look forward to the second half of the year and want to thank our employees for their diligence as we grow the company and their maintaining Tree Island's reputation for product quality and service leadership, to our customers, suppliers and investors, we extend our sincere appreciation for your ongoing support.

Sincerely,

Amar S. Doman
Chairman of the Board of Directors

Dale R. MacLean
Director, President and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2014 and 2013

The following is a discussion of the financial condition and results of operations of Tree Island Steel Ltd. ("Tree Island Steel" or the "Company") and its wholly owned operating subsidiary Tree Island Industries Limited ("TII") (together with Tree Island Steel, referred to as "Tree Island"). This discussion is current to August 7, 2014 and should be read in conjunction with the unaudited interim condensed consolidated financial statements for the three months and six months ended June 30, 2014. Tree Island Steel's unaudited interim condensed consolidated financial statements are prepared in accordance with International Accounting Standard 34, Interim Financial Reporting, and are reported in Canadian dollars.

Additional information relating to Tree Island Steel, including the audited consolidated financial statements and Annual Information Form ("AIF") for the year ended December 31, 2013, can be found at www.sedar.com or on Tree Island Steel's website at www.treeisland.com.

1. FORWARD-LOOKING STATEMENTS AND RISK

This management's discussion and analysis ("MD&A") includes forward-looking information with respect to Tree Island Steel, including our business, operations and strategies, as well as financial performance and conditions. The use of forward-looking words such as, "may," "will," "expect" or similar variations generally identify such statements. Any statements that are not statements of historical fact should be considered to be forward-looking statements. Although we believe that the forward-looking statements are reasonable, they involve risks and uncertainties, including the risks and uncertainties discussed under the heading "Risks Relating to the Company's Business" in the Company's AIF for the year ended December 31, 2013.

The forward-looking statements contained herein reflect management's current beliefs and are based upon certain assumptions that management believes to be reasonable based on the information currently available to management. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and a number of factors could cause actual events or results to differ materially from the results discussed in the forward-looking statements. In evaluating these statements, prospective investors should specifically consider various factors including the risks outlined herein under the heading "Risk Factors" which may cause actual results to differ materially from any forward-looking statement. Such risks and uncertainties include, but are not limited to: general economic, market and business conditions, the cyclical nature of our business and demand for our products, financial condition of our customers, competition, volume and price pressure from import competition, deterioration in the Company's liquidity, disruption in the supply of raw materials, volatility in the costs of raw materials, significant exposure to the Western United States due to lack of geographic diversity, dependence on the construction industry, transportation costs, foreign exchange fluctuations, leverage and restrictive covenants, labour relations, trade actions, dependence on key personnel and skilled workers, reliance on key customers, intellectual property risks, energy costs, un-insured loss, credit risk, operating risk, management of growth, changes in tax, environmental and other legislation, and other risks and uncertainties set forth in our publicly filed materials.

This MD&A has been reviewed by the Board of Directors of Tree Island and its Audit Committee, and contains information that is current as of the date of this MD&A, unless otherwise noted. Events occurring after that date could render the information contained herein inaccurate or misleading in a material respect. Readers are cautioned not to place undue reliance on this forward-looking information and management of Tree Island undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise except as required by applicable securities laws.

2. NON-IFRS MEASURES

References in this MD&A to "EBITDA" are to operating income and adding back depreciation and references to "Adjusted Net Income (Loss)" are to net income (loss) per IFRS adjusted for certain non-cash items including non-cash financing expenses, changes in fair value of financial instruments, gain (loss) on renegotiated debt (if any), and deferred income expense (recovery). EBITDA is a measure used by many investors to compare companies on the basis of ability to generate cash flows from operations. Adjusted Net Income (Loss) is a measure for investors to understand the impact of significant non-cash items that affect our results from operations. Neither EBITDA nor Adjusted Net Income (Loss) are earnings measures recognized by IFRS and do not have a standardized meaning prescribed by IFRS. We believe that EBITDA and Adjusted Net Income (Loss) are important

supplemental measure for evaluating our performance. You are cautioned that EBITDA and Adjusted Net Income (Loss) should not be construed as alternatives to net income or loss, determined in accordance with IFRS, as indicators of performance or to cash flows from operating, investing and financing activities as measures of liquidity and cash flows. Our method of calculating EBITDA and Adjusted Net Income (Loss) may differ from methods used by other issuers and, accordingly, our EBITDA or Adjusted Net Income (Loss) may not be comparable to similar measures presented by other issuers.

3. TREE ISLAND

3.1. About Tree Island

Tree Island Steel was established in 1964. In 2012, upon a corporate conversion from an income trust, the parent company, Tree Island Steel Ltd. was incorporated under the laws of Canada on August 2, 2012. Following this on October 1, 2012, the Fund was converted, on a tax deferred basis, from an open-ended limited purpose trust to an incorporated corporation (the "Corporate Conversion") pursuant to a plan of arrangement (the "Arrangement") under the Canada Business Corporations Act. Under the Arrangement, unitholders of the Fund received common shares ("Shares") of the Company, on a one-for-one basis. The business of the Fund continues to be conducted by the Company, through TII, and all obligations of the Fund have been assumed by Tree Island Steel.

In connection with the Arrangement, the Company assumed all of the covenants and obligations of the Fund relating to the Convertible Debentures ("Debentures") and Warrants. The Debentures became convertible subordinated debentures of the Company and holders were entitled to receive Shares, rather than Units, at the same conversion price at which the Units were previously issuable upon conversion thereof, subject to adjustment in certain events as provided for in the Debenture Indenture. The Warrants are convertible into Shares at the same price at which the Warrants were convertible into units of the Fund, subject to adjustment as provided for in the Warrant Certificates governing the Warrants.

The trustees of the Fund became the directors of Tree Island Steel and the officers and management of the Fund became officers and management of Tree Island Steel.

The Company announced on January 27, 2014 that it would redeem all outstanding convertible debentures by March 4, 2014. Between January 1, 2014 and March 3, 2014 \$15,969,400 Convertible Debentures were converted into Shares of the Company. On March 4, 2014 the Company redeemed the remaining \$174,600 principal on the outstanding convertible debentures.

On March 14, 2014 the Company announced a share consolidation ("Share Consolidation") on the basis of one post consolidation Common Share for every two pre-consolidation shares. At the Shareholders meeting on May 13, 2014, the Company's shareholders approved the Share Consolidation and the Company filed articles of amendment to give effect to the Share Consolidation on May 13, 2014. As at June 30, 2014 after taking into account the Share Consolidation, there were 30,343,825 shares outstanding and the same number outstanding as of August 7, 2014.

Prior to the Share Consolidation, there were 4,372,500 Common Share purchase warrants ("Warrants") outstanding, each exercisable for one common share at an exercise price of \$0.57. Pursuant to the terms of the Warrants, after giving effect to the Share Consolidation, the number of warrants outstanding was adjusted by the same basis of one post-consolidation warrant for every two pre-consolidation warrants and each warrant is exercisable for one common share. The exercise price was also adjusted accordingly such that the post-consolidation exercise price is \$1.14. As at June 30, 2014, after adjustment due to the Share Consolidation, the total number of Warrants remaining outstanding was 2,186,250 and no Warrants have been exercised between June 30, 2014 and as of August 7, 2014.

3.2. About TII

Organizational Structure

Our corporate structure has the following primary entities: Tree Island Steel which is the parent company, TII which is our Canadian operating company as well as the ultimate parent company to our operations in the United States managed through our US operating subsidiary, Tree Island Wire (USA) Inc. ("TIW"). In addition, we have a China based sourcing operation.

Products

Tree Island is a manufacturer and supplier of premium quality wire products for a broad range of applications. Our goal is to match the appropriate wire product, level of quality and price point for our customers needs. We achieve this by manufacturing most of our products at our own manufacturing facilities, while outsourcing others from qualified manufacturers. We market these products to customers in Canada, the United States and internationally.

Our manufactured products offer: consistent, high quality standards that meet customers' needs, ASTM standards and applicable codes; broad range of products; short lead times; and technical support and reliable service. We market our products under the following brands:



The products we source from other suppliers are generally limited to high-volume commodity items, or items we do not produce. Products within this group meet general industry specifications but are not customized to individual customer requirements. Outsourced products allow us to enhance our relationship with those customers that require competitively priced commodity products. These products typically create complementary pull through for our manufactured products. As a service to our customers, we also use our network of suppliers world-wide to source commodity wire products and direct ship to our customers.

Markets

The following summarizes the markets, key product groups, the specific end-use markets, and regions we serve with our products:

Markets	Brand	Key Product Groups	Specific End-Use Markets	Regions
Industrial	Tree Island, TI Wire	Low carbon wire (bright/galvanized/annealed) High carbon wire (bright/galvanized/annealed) Hi-tensile baling wire	Wire fabricating, industrial applications, OEM manufacturing, forestry, recycling	North America and International
Residential Construction	Tree Island, Halsteel, K-Lath	Collated, bulk and packaged nails, and stucco reinforcing mesh	Construction and renovation for new and existing homes	North America and International
Commercial Construction	Tree Island, TI Wire	Welded wire reinforcement mesh and concrete reinforcing products	Commercial construction, mining, infrastructure projects	North America and International
Agricultural	Tree Island, Tough Strand	Hi-tensile game fence, farm fence, vineyard wire, barbed wire	Agriculture, farming	North America
Specialty Applications	Industrial Alloys	Stainless spring wire, cold heading wire, shaped wire, specialty alloy bar, and wire	Consumer products, industrial applications, telecommunications, aerospace, automotive, oil and gas	North America and International

Seasonality

Our operations are impacted by the seasonal nature of the various industries we serve, primarily the construction and agriculture industries. Accordingly, revenues, sales volumes and operating results for interim quarters are not necessarily indicative of the results that may be expected for the full fiscal year and fourth quarter results are traditionally lower than other quarters due to the onset of winter and the corresponding reduction in agricultural and construction activities.

4. DEVELOPMENTS AND SECOND QUARTER 2014 BUSINESS OVERVIEW

Business Overview

In Canada and the US, we saw a gradual return to more seasonal trends as the impact of the severe weather abated in the Canadian Prairies and most of the Eastern Region of Canada and US. We are also seeing improving market dynamics, although moderate, in the US construction market in our addressable markets but the Canadian construction market is showing low to flat levels of growth. The pace of economic growth in our key end markets is evolving and in response to these challenges, we continue to leverage our diversified product mix to strengthen our market position and focus on key end markets where we see improved market demand for our products. Although we have experienced large increases in volumes for the quarter and six month period, we can give no assurances that this level of growth will continue. However, we remain cautiously optimistic about the moderate pace of economic and construction activity growth and our prospects for improving demand.

In the quarter we increased our volumes 24.8% over Q2 2013 and our revenues increased by 17.7% to \$47.8 million versus \$40.6 million for the second quarter in 2013. The volume increase is primarily due to increasing demand for Industrial and, to a lesser degree, Agricultural products. The surge in volumes increased our revenues, however, this was tempered by competitive pressures in certain product areas and a trending to lower steel prices in the quarter reducing our net price received per ton by 2.5%.

For the quarter, the increases in volumes required investment of additional labour staffing, training, and increasing of maintenance programs to support the higher throughput in the facilities. This growth in volumes and operating leverage contributed positively to our gross profit for the period but gross profit was impacted by \$0.7 million for the added costs all the result of the large increase in volumes compared to the same period in 2013. Also impacting our gross margin percentage was the strengthening of the US dollar on raw material costs for our sales into Canada that we could not pass on. As a result, gross profit decreased to \$4.6 million from \$5.4 million in Q2 2013 and our gross profit slipped to \$127 per ton versus the \$185 per ton achieved in 2013 which resulted in our EBITDA for the quarter to be \$1.9 million versus \$2.9 million for the same period last year.

Senior Credit Facility

On April 21st, 2014, the Company renewed its senior banking facility with Wells Fargo Capital Finance Corporation Canada ("Wells Fargo"). The five year senior secured committed banking facility (the "Senior Credit Facility") has been increased from \$40.0 million to \$60.0 million and now matures in April of 2019. Under the terms of the Senior Credit Facility, up to \$60.0 million may be borrowed for Tree Island's financing requirements in Canadian and/or US dollars of which \$4.125 million has been advanced as a term loan. Interest is charged at variable rates based on the Canadian and/or US Prime rate and the Canadian B.A. rate and/or the Eurodollar rate. The amount advanced under the Senior Credit Facility at any time is limited to a defined percentage of inventories, accounts receivable and real estate, less certain reserves. The Senior Credit Facility is secured by a first charge over Tree Island's assets supported by the appropriate guarantees, pledges and assignments, and requires that certain covenants be met by Tree Island.

Share Consolidation

On March 14, 2014 the Company announced a Share Consolidation on the basis of one post consolidation Common Share for every two pre-consolidation shares that was approved by the Shareholders at the Annual and Special meeting on May 13, 2014. As at June 30, 2014 after taking into account the Share Consolidation, there were 30,343,825 shares outstanding and the same number outstanding as of August 7, 2014.

Prior to the Share Consolidation, there were 4,575,000 Common Share purchase warrants ("Warrants") outstanding, each exercisable for one common share at an exercise price of \$0.57. Pursuant to the terms of the Warrants, after giving effect to the Share Consolidation, the number of warrants outstanding was adjusted by the same basis of one post-consolidation warrant for every two pre-consolidation warrants to 2,287,500 and each warrant is exercisable for one common share. The exercise price was also adjusted accordingly such that the post-consolidation exercise price is \$1.14. As at June 30, 2014, after adjustment due to the Share Consolidation, the total number of Warrants remaining outstanding was 2,186,250 and no Warrants have been exercised between June 30, 2014 and as of August 7, 2014.

Redemption of Debentures

On January 27, 2014, the Company announced that it would redeem all of its 10% second Lien Convertible Debentures scheduled to mature on November 26, 2014 by March 4, 2014 (the "Redemption Date"). By the Redemption Date, the Company had redeemed \$174,600 of Convertible Debentures. Between January 1, 2014 and the Redemption Date, a total of \$15,969,400 in principal amount of Debentures was converted to 31,938,800 shares.

Trade Action Reviews

During the first quarter of 2014, U.S. Department of Commerce announced an antidumping and countervailing duty petition against carbon and certain steel alloy wire rod from The People's Republic of China. On July 8, 2014, the US Department of Commerce published its preliminary determination in the countervailing duty (CVD) investigation of wire rod from China in the range of between 10% to 81% with determination of preliminary anti-dumping duties to be determined in August 2014 and final determination of both countervailing and anti-dumping duties in the fourth quarter of 2014. We are monitoring the case closely and are in the process of evaluating any potential impact for Tree Island.

On May 29, 2014, the U.S. Department of Commerce announced an antidumping and countervailing duty petition against imports of steel nails from certain countries. Subsequently on July 11, 2014, the U.S. International Trade Commission ("USITC") determined that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of certain steel nails from Korea, Malaysia, Oman, Taiwan, and Vietnam that are allegedly subsidized and sold in the United States at less than fair value. As a result of the USITC affirmative determinations, the U.S. Department of Commerce will continue to conduct its investigations on imports of these products from Korea, Malaysia, Oman, Taiwan, and Vietnam, with its preliminary countervailing duty determinations due in the fourth quarter of 2014 and its antidumping duty determinations due in 2015. We are monitoring the case closely and are in the process of evaluating any potential impact for Tree Island.

Outlook

With the moderate pace of economic growth, we remain cautiously optimistic with our prospects for growth and increases in demand in our end markets. We also anticipate that with continued growth we will continue to incur a higher level of training and maintenance costs for a portion of the rest of this year. The training and maintenance costs are an important part of building our base of support for future growth of the Company and a fundamentally stronger business, able to deliver sustainable revenue growth and profitability.

Our strategies are focused on matching competitive pricing with raw material costs, closely managing costs and leveraging our capacity utilization. Our priority continues to be for sustainable revenue growth and profitability for the long run. We will implement any changes to our diverse product mix, so as to focus on capacity utilization balanced with profitability, manage our inventories to meet customer orders while also balancing the inventories to mitigate the impact in steel costs fluctuations, carefully manage costs, and continue to drive profitable growth in an improved economic environment.

5. RESULTS FROM OPERATIONS

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Summary of Results (\$000's except for tonnage and per share amounts)				
Sales Volumes – Tons	36,398	29,160	71,534	56,761
Sales	\$ 47,782	\$ 40,594	\$ 93,705	\$ 78,687
Cost of sales	(42,457)	(34,474)	(82,370)	(67,611)
Depreciation	(699)	(724)	(1,397)	(1,444)
Gross profit	4,626	5,396	9,938	9,632
Selling, general and administrative expenses	(3,379)	(3,261)	(7,254)	(6,408)
Operating income	1,247	2,135	2,684	3,224
Foreign exchange (loss) gain	(208)	106	316	132
Loss on sale of property, plant and equipment	-	-	(10)	-
Changes in financial liabilities recognized at fair value	(127)	-	(265)	20
Financing Expenses	(829)	(1,485)	(2,069)	(2,924)
Income before income taxes	83	756	656	452
Income tax recovery (expense)	92	(566)	(120)	(399)
Net Income	175	190	536	53
Operating income	1,247	2,135	2,684	3,224
Add back depreciation	699	724	1,397	1,444
EBITDA ⁽¹⁾	1,946	2,859	4,081	4,668
Foreign exchange (loss) gain	(208)	106	316	132
EBITDA including foreign exchange	1,738	2,965	4,397	4,800
Net Income	175	190	536	53
Add back significant non-cash items				
Non-cash financing expenses	261	711	524	1,365
Changes in financial liabilities recognized at fair value	127	-	265	(20)
Deferred tax	(102)	549	101	370
Adjusted net income ⁽¹⁾	461	1,450	1,426	1,768
Per unit				
Net income per share - basic	0.01	0.01	0.02	0.00
Net income per share - diluted	0.01	0.01	0.02	0.00
Per ton				
Gross profit per ton	127	185	139	170
EBITDA per ton	53	98	57	82

Financial position	As at June 30,	As at December 31,
	2014	2013
Total assets	101,996	85,635
Total non-current financial liabilities	12,945	13,536

⁽¹⁾ See definition of EBITDA and Adjusted Net Income in Section 2 - Non-IFRS Measures

6. COMPARISON OF RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2014 AND 2013

(\$000's except for tonnage and per share amounts)

	Q2 2014	Q2 2013	Variance	
SALES	\$47,782	\$40,594	\$7,188	17.7%

The higher revenue reflects an increase in sales volumes of 24.8%, largely from our Industrial markets in Canada and the US, and our Agricultural markets in Canada. The increase in volume is offset by lower price per ton by approximately 2.5% when compared to the prior period resulting from price competition in certain product areas as well as a trending lower of steel prices.

Sales revenues and volumes by market were as follows:

Market	Three Months Ended June 30, 2014				Three Months Ended June 30, 2013			
	Revenue	% of Revenue	Tons	% of Sales Volumes	Revenue	% of Revenue	Tons	% of Sales Volumes
Industrial	\$ 18,478	38.7%	16,713	45.9%	\$ 13,815	34.0%	11,656	40.0%
Residential	13,388	28.0%	8,801	24.2%	13,014	32.0%	8,381	28.7%
Commercial	7,001	14.7%	6,308	17.3%	7,082	17.5%	6,205	21.3%
Agricultural	4,704	9.8%	3,665	10.1%	2,880	7.1%	2,018	6.9%
Specialty	4,211	8.8%	911	2.5%	3,803	9.4%	900	3.1%
Total	\$ 47,782	100.0%	36,398	100.0%	\$ 40,594	100.0%	29,160	100.0%

Industrial volumes increased 43% primarily from sales of low and high carbon galvanized wire for the Canadian and US Industrial markets. The Residential market experienced an increase of 5% in volume, while Agricultural realized an increase in volume of 82% from the sales of vineyard and barbed wire. Commercial Construction was consistent with the prior period while volumes in the Specialty sector increased by 1%. The Residential and Industrial markets faced price competition from imports and North American producers.

The Company's revenue by currency converted to Canadian dollars is as follows:

	Three Months Ended June 30					
	2014	% of Total	2013	% of Total	Variance \$	Variance %
Sales denominated in US\$ (2014 - US\$ 30,071, 2013 - US\$26,911)	\$ 32,793	68.6%	\$ 27,541	67.8%	\$ 5,252	19.1%
Sales in Cdn\$	14,989	31.4%	13,053	32.2%	1,936	14.8%
Total Sales	\$ 47,782	100.0%	\$ 40,594	100.0%	\$ 7,188	17.7%
Average Canadian dollar exchange rate in the period for one US dollar	1.0905		1.0234			

The Company's revenue by geographic area is as follows:

	2014		2013		Variance \$	Variance %
		% of Total		% of Total		
Canada	\$ 15,147	31.7%	\$ 13,222	32.6%	\$ 1,925	14.6%
United States	31,469	65.9%	26,181	64.5%	5,288	20.2%
International	1,166	2.4%	1,191	2.9%	(25)	-2.1%
Total Sales	\$ 47,782	100.0%	\$ 40,594	100.0%	\$ 7,188	17.7%

During the second quarter of 2014, sales volumes continued to be driven by our North American manufactured products resulting from our continued emphasis on manufacturing as a core competency. Going forward, we will continue to review and optimize the mix of manufactured versus imported products as we work to enhance profitability and provide our customers with value and the specific products they need.

	Q2 2014	Q2 2013	Variance	
COST OF SALES	\$42,457	\$34,474	\$7,983	23.2%

This increase in cost of sales reflects a 24.8% increase in volumes sold in the period offset by lower overall raw material costs, which came in 5.3% lower than the prior year after taking into effect the negative impact of the weakening Canadian dollar. The foreign exchange had a negative impact of 5.8% on our costs on Canadian dollar denominated sales by \$0.5 million.

Operating costs included \$0.7 million due to higher training costs which reduced productivity, higher utilities costs due to rate increases and in higher maintenance and repair costs.

	Q2 2014	Q2 2013	Variance	
GROSS PROFIT	\$4,626	\$5,396	\$(770)	(14.3)%

Despite volumes increasing in the quarter by 24.8%, gross profit decreased by \$0.8 million or 14.3%. The gross profit margin was 9.7% versus 13.3% in the prior period. The decrease in gross profit was the result of higher operating costs as outlined in the cost of sales section above. Additionally, as we have brought on the volume into the facilities, our product mix has shifted with the high growth areas being in the lower margin product groups primarily in our Industrial market. As well, we are seeing highly competitive environments for our Residential products with the impact most felt in our Canadian dollar sales volumes. Along with the impact of the foreign exchange on raw materials costs noted above of \$0.5 million, the gross profit realized on Canadian dollar denominated sales decreased significantly by \$1.1 million from Q2 2013 as shown in the table below.

This was partially offset by the strength from our volumes and operating leverage along with the profitability in our US sales from both our Canadian and US operations.

The company's gross profit by currency converted to Canadian dollars is as follows:

	Three Months Ended June 30								
	2014		2013		Variance \$		Variance %		
Gross Profit denominated in US\$ (2014 - US\$2,963, 2013 - US\$ 2,807)	\$	3,231	69.8%	\$	2,873	53.2%	\$	358	12.4%
Gross Profit in Cdn\$		1,395	30.2%		2,523	46.8%		(1,128)	-44.7%
Total Gross Profit	\$	4,626	100.0%	\$	5,396	100.0%	\$	(770)	-14.3%
Average Canadian dollar exchange rate in the period for one US dollar		1.0905			1.0234				

	Q2 2014	Q2 2013	Variance	
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	\$3,379	\$3,261	\$118	3.6%

The increase was mainly the result of increasing our sales force to support additional sales efforts in 2014.

	Q2 2014	Q2 2013	Variance	
EBITDA	\$1,946	\$2,859	\$(913)	(31.9)%

EBITDA for the three months ended June 30, 2014 is negatively impacted by the lower gross profit realized in the quarter when compared to the prior period and the \$0.1 million increase in sales expenses from an increase in sales staff.

FINANCING EXPENSES	Q2 2014	Q2 2013	Variance	
	\$829	\$1485	\$(656)	(44.2)%

For the three months ended June 30, 2014, financing expenses decreased largely the result of a decrease in non cash interest and the cash interest on the convertible debentures which were all converted or redeemed in Q1, 2014. This was offset by an increase in the interest on the Senior credit facility due to increase in the comparative outstanding balance, increase in other interest related to interest costs on offshore inventory purchases and the write-off of the deferred financing fees as a result of the new agreement entered on the Senior credit facility in April 2014. The components of financing expense are below:

	Three months ended June 30			
	2014		2013	
Non-cash accretion of debt discount and interest on long term debt and Convertible Debentures	\$	261	\$	711
Cash interest on Convertible Debentures		-		457
Interest on Senior Credit Facility		202		113
Other interest and financing costs		213		189
Financing transaction costs and amortization of deferred financing costs		153		15
	\$	829	\$	1,485

FOREIGN EXCHANGE (LOSS) GAIN	Q2 2014	Q2 2013	Variance	
	\$(208)	\$106	\$(314)	(296.2)%

For the three months ended June 30, 2014 we recorded a loss on foreign exchange primarily the result of loss realized on forward currency contracts. Our Canadian operation, whose functional currency is the Canadian dollar, has a portion of its assets, liabilities, sales and expenses denominated in currencies other than the Canadian dollar, in particular the US dollar. Foreign exchange gains and losses are unpredictable in nature and therefore can be expected to vary significantly from period-to-period and over time.

INCOME TAX RECOVERY (EXPENSE)	Q2 2014	Q2 2013	Variance	
	\$92	\$(566)	\$658	116.3%

Current income tax expense represents \$10 thousand (2013 – \$17 thousand expense) and deferred income tax recovery represents \$102 thousand (2013 - \$549 thousand expense). The deferred income tax recovery in the current period is largely due to differences between accounting and tax depreciation. The income tax (expense)/recovery is based on the statutory tax rate of 26.0% (2013 – 26.0%) applied to the income of subsidiaries before taxes, with adjustments for permanent differences between accounting and taxable income.

NET INCOME	Q2 2014	Q2 2013	Variance	
	\$175	\$190	\$(15)	(7.9)%

Net income decreased marginally in the quarter the net result of lower gross profit realized in the period, a foreign exchange loss and offset by a decrease in financing expenses in the period.

ADJUSTED NET INCOME	Q2 2014	Q2 2013	Variance	
	\$461	\$1,450	\$(989)	(68.2)%

Adjusted for the impact of certain non-cash items recognized in net income, Adjusted Net Income decreased for the three months ended June 30, 2014 stemming from the lower gross profit realized in the quarter.

7. COMPARISON OF RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2014 AND 2013

(\$000's except for tonnage and per share amounts)

	YTD 2014	YTD 2013	Variance	
SALES	\$93,705	\$78,687	\$15,018	19.1%

During the six months ended June 30, 2014, we increased revenue by \$15.0 million, or 19.1%, from the same period in 2013. The increase in revenue primarily reflects increased volumes of 26.0%, largely from our Industrial markets in Canada and the US, our Residential markets in the US and our Agricultural market in Canada. The increase in volume is offset by lower price per ton of 1.9% when compared to the prior period on competitive pressures particularly in the Residential market segment

Sales revenues and volumes by market were as follows:

Market	Six Months Ended June 30, 2014				Six Months Ended June 30, 2013			
	Revenue	% of Revenue	Tons	% of Sales Volumes	Revenue	% of Revenue	Tons	% of Sales Volumes
Industrial	\$ 35,874	38.3%	32,091	44.9%	\$ 25,011	31.8%	21,033	37.0%
Residential	26,134	27.9%	17,537	24.5%	23,646	30.0%	15,341	27.0%
Commercial	13,889	14.8%	12,297	17.2%	13,764	17.5%	11,900	21.0%
Agricultural	9,878	10.5%	7,808	10.9%	8,706	11.1%	6,468	11.4%
Specialty	7,930	8.5%	1,801	2.5%	7,560	9.6%	2,019	3.6%
Total	\$ 93,705	100.0%	71,534	100.0%	\$ 78,687	100.0%	56,761	100.0%

Industrial volumes increased 53% primarily from sales of low and high carbon galvanized wire for the Canadian and US Industrial markets. The Residential market experienced volume increases of 14% primarily for sales into the US market. Commercial construction increased moderately at 3%, and Agricultural sector grew by 21% as a result of increased sales in the Canadian market. Sales to the Specialty sector decreased in volume compared to the prior period due to custom processing that did not occur to the same extent in 2014. However, with the sale of higher value products in this sector, revenue tracked 5% higher than the prior period.

The sales by currency converted to Canadian dollars are as follows:

	Three Months Ended March 31					
	2014	% of Total	2013	% of Total	Variance \$	Variance %
Sales denominated in US\$ (2014 - US\$ 26,789, 2013 - US\$21,572)	\$ 29,562	64.4%	\$ 21,764	57.1%	\$ 7,797	35.8%
Sales in Cdn\$	16,361	35.6%	16,329	42.9%	33	0.2%
Total Sales	\$ 45,923	100.0%	\$ 38,093	100.0%	\$ 7,830	20.6%
Average Canadian dollar exchange rate in the period for one US dollar	1.1035		1.0089			

	Three Months Ended June 30					
	2014	% of Total	2013	% of Total	Variance \$	Variance %
Sales denominated in US\$ (2014 - US\$ 30,071, 2013 - US\$26,911)	\$ 32,793	68.6%	\$ 27,541	67.8%	\$ 5,252	19.1%
Sales in Cdn\$	14,989	31.4%	13,053	32.2%	1,936	14.8%
Total Sales	\$ 47,782	100.0%	\$ 40,594	100.0%	\$ 7,188	17.7%
Average Canadian dollar exchange rate in the period for one US dollar	1.0905		1.0234			

	Six Months Ended June 30					
	2014	% of Total	2013	% of Total	Variance \$	Variance %
Sales denominated in US\$ (2014 - US\$ 56,860, 2013 - US\$48,483)	\$ 62,354	66.5%	\$ 49,305	62.7%	\$ 13,049	26.5%
Sales in Cdn\$	31,351	33.5%	29,382	37.3%	1,969	6.7%
Total Sales	\$ 93,705	100.0%	\$ 78,687	100.0%	\$ 15,018	19.1%
Average Canadian dollar exchange rate in the period for one US dollar	1.097		1.0161			

The sales by geographic area are as follows:

	Three Months Ended March 31						
	2014	% of Total	2013	% of Total	Variance \$	Variance %	
Canada	\$ 16,558	36.0%	\$ 16,448	43.2%	\$ 110	0.7%	
United States	28,184	61.4%	20,582	54.0%	7,602	36.9%	
International	1,181	2.6%	1,063	2.8%	118	11.1%	
Total Sales	\$ 45,923	100.0%	\$ 38,093	100.0%	\$ 7,830	20.6%	

	Three Months Ended June 30						
	2014	% of Total	2013	% of Total	Variance \$	Variance %	
Canada	\$ 15,147	31.7%	\$ 13,222	32.6%	\$ 1,925	14.6%	
United States	31,469	65.9%	26,181	64.5%	5,288	20.2%	
International	1,166	2.4%	1,191	2.9%	(25)	-2.1%	
Total Sales	\$ 47,782	100.0%	\$ 40,594	100.0%	\$ 7,188	17.7%	

	Six Months Ended June 30						
	2014	% of Total	2013	% of Total	Variance \$	Variance %	
Canada	\$ 31,705	33.8%	\$ 29,670	37.7%	\$ 2,035	6.9%	
United States	59,653	63.7%	46,763	59.4%	12,890	27.6%	
International	2,347	2.5%	2,254	2.9%	93	4.1%	
Total Sales	\$ 93,705	100.0%	\$ 78,687	100.0%	\$ 15,018	19.1%	

During the six months of 2014, sales volumes continued to be driven by our North American manufactured products resulting from our continued emphasis on manufacturing as a core competency. Going forward, we will continue to review and optimize the mix of manufactured versus imported products as we work to enhance profitability and provide our customers with value and the specific products they need.

	YTD 2014	YTD 2013	Variance	
COST OF SALES	\$82,370	\$67,611	\$14,759	21.8%

For the six months ended June 30, 2014, cost of sales increased by \$14.8 million or 21.8% reflecting a 26.0% increase in volumes sold in the period offset by lower overall raw material costs, which came in 4.9% lower than the prior year after taking into effect the negative impact of the weakening Canadian dollar which increased the rod cost by 8.1% negatively impacting our costs on Canadian dollar denominated sales by \$1.2 million in the period.

Operating costs were unfavourable by \$0.9 million due to increased training costs which reduced productivity, higher utilities costs due to rate increases and higher maintenance and repair costs to address the needs of the facilities as production levels grew in the six month period.

	YTD 2014	YTD 2013	Variance	
GROSS PROFIT	\$9,938	\$9,632	\$306	3.2%

The marginal increase in gross profit of \$0.3 million or 3.2% in the six months ended June 30, 2014 is the net effect of increasing volumes and operating leverage, and the profitability of our US dollar denominated sales offset by the added operating costs and foreign exchange impact on Canadian dollar denominated sales. As noted above, the foreign exchange impact on our raw materials costs could not be passed on to customers.

The gross profit margin was 10.6% versus 12.2% in the prior period resulting from a product mix shift with the high growth areas in the lower margin product groups primarily in our Industrial market and highly competitive environments for our Residential products.

The gross profit by currency converted to Canadian dollars is as follows:

	Three Months Ended March 31						
	2014	% of Total	2013	% of Total	Variance \$	Variance %	
Gross Profit denominated in US\$ (2014 - US\$2,903, 2013 - US\$ 2,074)	\$ 3,203	60.3%	\$ 2,092	49.4%	\$ 1,111	53.1%	
Gross Profit in Cdn\$	2,109	39.7%	2,144	50.6%	(35)	-1.6%	
Total Gross Profit	\$ 5,312	100.0%	\$ 4,236	100.0%	\$ 1,076	25.4%	
Average Canadian dollar exchange rate in the period for one US dollar	1.1035		1.0089				

	Three Months Ended June 30						
	2014	% of Total	2013	% of Total	Variance \$	Variance %	
Gross Profit denominated in US\$ (2014 - US\$2,963, 2013 - US\$ 2,807)	\$ 3,231	69.8%	\$ 2,873	53.2%	\$ 358	12.4%	
Gross Profit in Cdn\$	1,395	30.2%	2,523	46.8%	(1,128)	-44.7%	
Total Gross Profit	\$ 4,626	100.0%	\$ 5,396	100.0%	\$ (770)	-14.3%	
Average Canadian dollar exchange rate in the period for one US dollar	1.1035		1.0089				

	Six Months Ended June 30						
	2014	% of Total	2013	% of Total	Variance \$	Variance %	
Gross Profit denominated in US\$ (2014 - US\$5,866, 2013 - US\$ 4,881)	\$ 6,434	64.7%	\$ 4,965	51.5%	\$ 1,469	29.6%	
Gross Profit in Cdn\$	3,504	35.3%	4,667	48.5%	(1,163)	-24.9%	
Total Gross Profit	\$ 9,938	100.0%	\$ 9,632	100.0%	\$ 306	3.2%	
Average Canadian dollar exchange rate in the period for one US dollar	1.097		1.0161				

	YTD 2014	YTD 2013	Variance	
SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	\$7,254	\$6,408	\$846	13.2%

SG&A expenses increased by \$0.8 million largely due to \$0.5 million for compensation related amounts, \$0.1 million for travel expenses, and \$0.1 million for increasing our sales force to support additional sales efforts in 2014.

	YTD 2014	YTD 2013	Variance	
EBITDA	\$4,081	\$4,668	\$(587)	(12.6)%

EBITDA for the six months ended June 30, 2014 decreased as a result of second quarter performance as explained in section 6.

	YTD 2014	YTD 2013	Variance	
FINANCING EXPENSES	\$2,069	\$2,924	\$(855)	(29.2)%

For the six months ended June 30, 2014, financing expenses decreased largely the result of a decrease in non cash interest on the convertible debentures which were all converted or redeemed in Q1, 2014, offset by an increase in other interest related to the purchase of raw materials and the interest on the senior credit facility due to increase in the comparative outstanding balance and write-off of the previously deferred financing fees after we entered into the new agreement in April 2014. The components of financing expense are below:

	Six Months Ended June 30	
	2014	2013
Non-cash accretion of debt discount and interest on long term debt and Convertible Debentures	\$ 524	\$ 1,365
Cash interest on Convertible Debentures	534	939
Interest on Senior Credit Facility	398	295
Other interest and financing costs	444	294
Financing transaction costs and amortization of deferred financing costs	169	31
	\$ 2,069	\$ 2,924

	YTD 2014	YTD 2013	Variance	
FOREIGN EXCHANGE GAIN	\$316	\$132	\$184	139.4%

For the six months ended June 30, 2014 we recorded a gain on foreign exchange primarily the result of gains realized on forward currency contracts in the first quarter of 2014. Our Canadian operation, whose functional currency is the Canadian dollar, has a portion of its assets, liabilities, sales and expenses denominated in currencies other than the Canadian dollar, in particular the US dollar. Foreign exchange gains and losses are unpredictable in nature and therefore can be expected to vary significantly from period-to-period and over time.

	YTD 2014	YTD 2013	Variance	
INCOME TAX EXPENSE	\$(120)	\$(399)	\$279	69.9%

Current income tax expense represents \$19 thousand (2013 – \$29 thousand expense) and deferred income tax expense represents \$101 thousand (2013 - \$370 thousand expense). The deferred income tax expense in the current period is largely due to the increase in taxes payable offset by differences between accounting and tax depreciation, and the treatment of long-term debt from our Canadian operation. The income tax (expense)/recovery is based on the statutory tax rate of 26.0% (2013 – 25.5%) applied to the income of subsidiaries before taxes, with adjustments for permanent differences between accounting and taxable income.

	YTD 2014	YTD 2013	Variance	
NET INCOME	\$536	\$53	\$483	911.3%

The increase in income for the six months ended June 30, 2014 was the result of decrease in financing expense of \$0.8 million and a higher foreign exchange gain by \$0.2 million offset by the decline in operating income of \$0.5 million.

	YTD 2014	YTD 2013	Variance	
ADJUSTED NET INCOME	\$1,426	\$1,768	\$(342)	(19.3)%

Adjusted for the impact of certain non-cash items recognized in net income, Adjusted Net Income for the six months ended June 30, 2014 decreased by \$0.3 million due the lower operating income from the increases in SG&A expenses noted above.

8. FINANCIAL CONDITION AND LIQUIDITY

8.1. Working Capital

Our business requires an ongoing investment in working capital, comprised primarily of accounts receivable and inventories, financed primarily by credit in the form of our Senior Revolving Facility and accounts payable and accrued liabilities. Our largest investment in working capital is in our inventories. We rely on credit from our key suppliers to finance the purchase of the raw materials needed for our operations.

Our investment in working capital fluctuates from quarter-to-quarter based on factors such as seasonal sales demand, strategic purchasing decisions taken by management, and the timing of collections from customers and payments made to our suppliers. The construction and agricultural markets are seasonal in nature. As a result, sales and working capital requirements may be higher in the first three quarters when demand is historically highest.

A summary of the composition of our working capital as at June 30, 2014 compared to 2013 is provided below (\$000's):

	June 30	June 30
	2014	2013
Investment in working capital assets		
Cash	\$ 2,241	\$ 2,470
Accounts receivable	24,208	20,803
Inventories	41,658	35,161
Other current assets	4,441	1,045
	\$ 72,548	\$ 59,479
Less current liabilities		
Senior Revolving Facility	(27,021)	(16,606)
Accounts payable and accrued liabilities	(13,261)	(11,231)
Other current liabilities	(335)	(1,724)
Current portion of long-term debt	(1,879)	(1,829)
	(42,496)	(31,390)
Net investment in working capital	\$ 30,052	\$ 28,089

As at June 30, 2014 there was a significant increase in accounts receivable as a result of the higher volumes in the second quarter of 2014 compared to second quarter of 2013. Inventories increased in total mainly due to an increase in raw material purchases during Q1 to service the additional volumes projected for both Canadian and US operations and to a lesser degree the finished goods inventory. The increases in the Senior Revolving Facility and accounts payable and accrued liabilities were to fund the inventory purchases.

Our objective for managing the investment in working capital is to maximize the turnover of productive current assets, being accounts receivable and inventories. We manage our cash to keep utilization of our Senior Revolving Facility as low as practicable to maintain borrowing capacity for when it is needed and to reduce ongoing interest costs. We also work with our key vendors to use vendor credit when available on advantageous terms.

We manage our inventories with an emphasis on a continuous inflow of raw materials to meet our production needs balanced with strategic purchases. We have also established processes to regularly adjust the levels of finished goods stocked in our warehouses so that we can both satisfy customer needs and meet our objective of minimizing inventories on hand.

We manage our accounts receivable and the related credit risk by focusing on well-established customers with favourable credit profiles. The credit worthiness of customers is assessed using credit scores supplied by a third party and through direct monitoring of their financial well-being on a continual basis. We have established guidelines for customer credit limits and when thresholds in these areas are reached, appropriate precautions are taken to improve collectability. We maintain provisions for potential credit losses (allowance for doubtful accounts) and such losses to date have been within our expectations.

8.2. Liquidity and Capital

Cash Flow

Following is a summary of our cash flow for the three and six months ended June 30, 2014 and 2013 (\$000's – bracketed figures indicate use of cash):

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Cash provided by (used in) operating activities	\$ 1,345	\$ 3,327	\$ 4,431	\$ 5,376
Working capital adjustments	(462)	(1,778)	(10,717)	(8,508)
Net cash (used in) provided by operating activities	\$ 883	\$ 1,549	\$ (6,286)	\$ (3,132)
Net cash (used in) provided by investing activities	\$ (289)	\$ (59)	\$ (384)	\$ (274)
Cash flows from financing activities				
Repayment of Senior Term Loan	(110)	(125)	(235)	(250)
Repayment of long-term debt	(440)	(359)	(942)	(745)
Conversion of Warrants	-	-	115	171
Interest paid	(412)	(759)	(1,359)	(1,537)
Redemption of Debentures	-	-	(175)	-
Advance on (repayment of) Senior Revolving Facility	1,045	(375)	10,242	5,821
Net cash provided by (used in) financing activities	\$ 83	\$ (1,618)	\$ 7,646	\$ 3,460
Exchange rate changes on foreign cash balances	(7)	28	1	44
Increase (decrease) in cash balances	\$ 670	\$ (100)	\$ 977	\$ 98

The decline in cash used in operating activities during the quarter is the result of a lower EBITDA. For the six month period, cash used for operating activities increased due to the large increase in working capital in the first quarter and to a lesser degree the lower EBITDA for the period. During the three months ended June 30, 2014 working capital adjustments had a negative impact on cash flow mainly due to a decrease in accounts payable. During the six months ended June 30, 2014 working capital adjustments had a negative impact on cash flow mainly due to an increase in accounts receivable and in inventories from higher sales volumes and offset by an increase in accounts payable.

Cash flows used in investing activities were primarily the result of maintenance capital expenditures during the three and six month periods ended June 30, 2014 and 2013.

In regards to the long-term debt, during the three and six months ended June 30, 2014 we made payments of \$0.4 million and \$0.9 million respectively compared to \$0.4 million and \$0.7 million during the same periods in 2013. The increase was due to additional payments being made under an early payment option.

During the three month period we drew \$1.0 million (2013 - \$0.4 million repayment) on the Senior Revolving Facility and during the six months ended June 30, 2014 we drew \$10.2 million (\$5.8 million draw) to support working capital needs.

Senior Credit Facility

The Senior Revolving Facility has defined covenants, primarily a quarterly test whereby the Company is required to meet a defined fixed charge coverage ratio if the availability on the Senior Revolving Facility falls below a certain threshold ("Availability Test"). In addition, there are other restrictive covenants that limit the discretion of management with respect to certain business matters.

As at June 30, 2014 the availability was in excess of the Availability Test and the Company was in compliance with its covenants on the Senior Credit Facility.

On April 21, 2014, the Company announced the renewal of its senior banking facility with Wells Fargo. The five year senior secured committed banking facility has been increased from \$40.0 million to \$60.0 million and now matures April 2019. Under the terms of the Senior Credit Facility, up to \$60.0 million may be borrowed for Tree Island's financing requirements in Canadian and/or US dollars of which \$4.1 million has been advanced as a term loan. Additionally, a \$10.0 million Letter of Credit sub-facility will enable Tree Island to open documentary letters of credit for raw material purchases. Interest is charged at variable rates based on the Canadian and/or US Prime rate and the Canadian B.A. rate and/or the Eurodollar rate. The amount advanced under the Senior Credit Facility at any time is limited to a defined percentage of inventories, accounts receivable and real estate, less

certain reserves. The Senior Credit Facility is secured by a first charge over Tree Island's assets supported by the appropriate guarantees, pledges and assignments, and requires that certain covenants be met by Tree Island.

Long-Term Debt Agreements

Tree Island entered into a Second Amendment to the long-term debt agreement ("Agreement") on June 11, 2012. Under the terms of this Agreement approximately US\$15.8 million in principal debt will be repaid monthly over a ten year amortization period. Interest is non-compounding, will be accrued on a declining balance starting in June 2017 and is payable over a four year period beginning June 2024.

9. CAPITAL EXPENDITURES AND CAPACITY

For the three and six month periods ended June 30, 2014, we made capital expenditures of \$289 thousand and \$384 thousand (2013 - \$59 thousand and \$274 thousand) made up primarily of maintenance capital. We have planned capital expenditures for the 2014 fiscal year to a level which we believe will be sufficient to maintain the existing productive capacity of our manufacturing operations for the remainder of the year. Non-maintenance capital is funded out of our Senior Credit Facility and maintenance capital is funded from cash generated by operations.

10. CONTRACTUAL OBLIGATIONS AND COMMITMENTS

As of June 30, 2014, we were committed to the contracts, operating leases and debt repayments (including scheduled interest payments on interest bearing debt) set out below, which will be financed through working capital and our Senior Revolving Facility.

	2014	2015	2016	2017	2018	Thereafter	Total
Commitments							
Wire Rod Purchases	\$ 42,861	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,861
Finished Goods	3,236	-	-	-	-	-	3,236
Operating Lease Agreements	779	1,269	1,162	36	49	42	3,337
	46,876	1,269	1,162	36	49	42	49,434
Financial Liabilities							
Senior Revolving Facility	27,021	-	-	-	-	-	27,021
Accounts Payable and accrued liabilities	13,261	-	-	-	-	-	13,261
Finance Lease	35	29	-	-	-	-	64
Senior Term Loan	206	413	413	413	413	2,201	4,059
Long-term debt	705	1,409	1,484	1,537	1,537	11,289	17,961
	41,228	1,851	1,897	1,950	1,950	13,490	62,366
Total	\$ 88,104	\$ 3,120	\$ 3,059	\$ 1,986	\$ 1,999	\$ 13,532	\$ 111,800

The wire rod purchases are for raw materials to be used in the day-to-day operations of our manufacturing facilities, are in the normal course and are expected to be delivered by December 31, 2014.

We have leases for facilities and equipment that are considered to be operating leases for accounting purposes and as such are not recorded on the consolidated statement of financial position.

The Company enters into US dollar currency forward contracts for periods consistent with a portion of US dollar currency transaction exposures, generally from one to three months. These are not designated as cash flow, fair value or net investment hedges. The fair value of outstanding US dollar currency forward contracts as at June 30, 2014 was for notional \$6.8 million and the mark-to-market loss on those contracts was \$154 thousand.

11. SUMMARY OF QUARTERLY FINANCIAL INFORMATION

The table below provides selected quarterly financial information for the eight most recent fiscal quarters to June 30, 2014 (\$000's, except tons and per share amounts). First and second quarter sales volumes are traditionally higher than the other quarters due to the seasonality of our business. Quarter-over-quarter results may also be impacted by unusual or infrequently occurring items.

These financial results are not necessarily indicative of results for any future period and should not be relied upon to predict future performance.

	Jun-30 2014	Mar-31 2014	Dec-31 2013	Sep-30 2013	Jun-30 2013	Mar-31 2013	Dec-31 2012	Sept-30 2012
Sales Volumes – Tons	36,398	35,136	27,295	29,345	29,160	27,601	21,583	24,242
Revenue	\$ 47,782	\$ 45,923	\$ 35,748	\$ 39,003	\$ 40,594	\$ 38,093	\$ 28,657	\$ 33,962
Gross Profit	\$ 4,626	\$ 5,312	\$ 3,769	\$ 3,896	\$ 5,396	\$ 4,236	\$ 1,314	\$ 3,487
EBITDA	\$ 1,946	\$ 2,135	\$ 1,000	\$ 1,550	\$ 2,859	\$ 1,809	\$ (1,132)	\$ 998
Foreign exchange gain (loss)	\$ (208)	\$ 524	\$ 5	\$ (23)	\$ 106	\$ 26	\$ 12	\$ 163
EBITDA including foreign exchange	\$ 1,738	\$ 2,659	\$ 1,005	\$ 1,527	\$ 2,965	\$ 1,835	\$ (1,120)	\$ 1,161
Net Income (Loss)	\$ 175	\$ 361	\$ (665)	\$ (43)	\$ 190	\$ (137)	\$ (2,345)	\$ (1,991)
Net Income (Loss) per share – Basic	\$ 0.01	\$ 0.01	\$ (0.03)	\$ (0.00)	\$ 0.01	\$ (0.01)	\$ (0.11)	\$ (0.09)
Gross Profit per Ton	\$ 127	\$ 151	\$ 138	\$ 133	\$ 185	\$ 153	\$ 61	\$ 144
EBITDA per Ton	\$ 53	\$ 61	\$ 37	\$ 53	\$ 98	\$ 66	\$ (52)	\$ 41

12. ACCOUNTING POLICIES AND ESTIMATES

Certain of our accounting policies involve critical accounting estimates that require us to make subjective or complex judgments about matters that are inherently uncertain and because of the likelihood that materially different amounts could be reported under differing conditions or using different assumptions. We evaluate these estimates and assumptions regularly.

Our significant accounting policies are described in Note 3 of the December 31, 2013 audited consolidated financial statements, Note 3 to the June 30, 2014 interim condensed consolidated financial statements and the Annual Information Form for the year ended December 31, 2013.

Critical Accounting Estimates

The areas that we consider to have critical accounting estimates are: going concern, financial instruments valued at fair value through profit and loss, inventory valuation, allowance for doubtful accounts, property, plant and equipment, and income taxes. These critical estimates and the judgments involved are discussed further in the consolidated financial statements for the year ended December 31, 2013 (Note 4).

13. RELATED PARTY TRANSACTIONS

Transactions with associated companies

The Futura Corporation (“Futura”) is considered to be a related party to the Company because of its share ownership interest and the fact that Mr. Doman, the sole shareholder and president of Futura, and Mr. Rosenfeld, the Executive Vice President of Futura, sit on the Board of Directors. Futura had purchased \$5.0 million of Debentures and was issued 1,875,000 Warrants. In the first quarter, Futura converted the \$5.0 million of Debentures into 10.0 million shares of the Company. Based on Tree Island Steel’s fully diluted common shares as at June 30, 2014, Futura owns 29.1% of the fully diluted common shares of the Company.

In addition, the Company sells products to subsidiaries of a company of which Mr. Doman is Chairman and CEO, CanWel Building Materials Group Ltd. (“CanWel”), which amounted to, net of rebates, \$0.5 million and 1.7 million (2013 - \$0.6 million and \$1.8 million) during the three and six months ended June 30, 2014, and trade accounts receivable owing from CanWel as at June 30, 2014 were \$146 thousand (2013 - \$326 thousand). Outstanding trade accounts receivable from CanWel at period end are unsecured, interest free and settlement occurs in cash.

Transactions with key management personnel

Included in the definition of key management for purposes of disclosure of related party transactions are members of Board of Directors and officers of Tree Island Steel. Amounts for key management personnel for the three and six month periods ended June 30, 2014 were \$0.9 million and \$1.3 million (2013 - \$0.6 million and \$1.0 million) which includes wages, salaries, share-

based compensation (if any) and social security contributions, paid annual and sick leave, vehicle costs and bonuses. It also includes directors' fees paid to members of the Board.

14. RISKS AND UNCERTAINTIES

Investment in Tree Island Steel is subject to a number of risks. Our income is dependent upon the wire products business, which is susceptible to a number of risks. A detailed discussion of our significant business risks is provided in the 2013 Annual Information Form under the heading "Risk Factors" which can be found at www.sedar.com. There was no change in the risks as disclosed in the AIF during the six months.

15. DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

Our management is responsible for designing disclosure controls and procedures that (a) provide reasonable assurance that material information required to be disclosed by us is accumulated and communicated to management to allow timely decisions regarding required disclosure; and (b) ensure that information required to be disclosed by us is recorded, processed, summarized, and reported within the time periods specified in applicable securities legislation.

Our management is responsible for designing, establishing, and maintaining an adequate system of internal control over financial reporting. Our internal control system was designed based on the Internal Control – Integrated Framework ("COSO Framework") published by the Committee of Sponsoring Organizations of the Treadway Commission to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS.

Our Chief Executive Officer and Chief Financial Officer certified the appropriateness of the financial disclosures in the interim financial report together with the other financial information included in the interim filings for the period ended June 30, 2014. These executives also certified that they are responsible for the design of disclosure controls and procedures and internal control over financial reporting. There have been no changes in internal control over financial reporting during the quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

The Company's Board of Directors and Audit Committee reviewed and approved the June 30, 2014 unaudited interim condensed consolidated financial statements and this MD&A prior to its release.

TREE ISLAND STEEL LTD.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014 and 2013

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 “Continuous Disclosure Obligations”, Part 4, Subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying interim condensed consolidated financial statements of Tree Island Steel Ltd. have been prepared by and are the responsibility of Tree Island Steel Ltd.’s management.

Tree Island Steel Ltd.’s independent auditor, Ernst & Young LLP, has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entities auditor.

August 7, 2014

Tree Island Steel Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Canadian dollars - unaudited)

	June 30	December 31
	2014	2013
Assets		
<i>Current</i>		
Cash	\$ 2,241	\$ 1,264
Accounts receivable (Note 5)	24,208	16,960
Inventories (Note 6)	41,658	35,307
Prepaid expenses	4,441	1,691
	<u>72,548</u>	<u>55,222</u>
<i>Property, plant and equipment (Note 7)</i>	29,370	30,255
<i>Other non-current assets</i>	78	158
	<u>\$ 101,996</u>	<u>\$ 85,635</u>
Liabilities		
<i>Current</i>		
Senior Revolving Facility (Note 8.1)	\$ 27,021	\$ 16,370
Accounts payable and accrued liabilities	13,261	7,619
Income taxes payable	199	201
Other current liabilities	136	119
Fair value of convertible instruments (Note 9)	-	241
Convertible Debentures (Note 9)	-	14,696
Current portion of long term borrowings (Notes 8.2,10,17.3)	1,879	1,911
	<u>42,496</u>	<u>41,157</u>
<i>Senior Term Loan (Note 8.2)</i>	3,644	3,792
<i>Long-term debt (Note 10)</i>	9,301	9,718
<i>Finance lease (Note 17.3)</i>	-	26
<i>Other non-current liabilities (Note 10)</i>	557	675
<i>Deferred income taxes (Note 14)</i>	2,588	2,487
	<u>58,586</u>	<u>57,855</u>
Shareholders' Equity	<u>43,410</u>	<u>27,780</u>
	<u>\$ 101,996</u>	<u>\$ 85,635</u>

Approved on behalf of Tree Island Steel Ltd.

[Signed]

"Amar S. Doman"

Director

[Signed]

"Dale R. MacLean"

Director

See accompanying Notes to the Interim Condensed Consolidated Financial Statements

Tree Island Steel Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Sales	\$ 47,782	\$ 40,594	\$ 93,705	\$ 78,687
Cost of goods sold (Note 6)	42,457	34,474	82,370	67,611
Depreciation	699	724	1,397	1,444
Gross profit	4,626	5,396	9,938	9,632
Selling, general and administrative expenses	3,379	3,261	7,254	6,408
Operating income	1,247	2,135	2,684	3,224
Foreign exchange (loss) gain	(208)	106	316	132
Loss on sale of property, plant and equipment	-	-	(10)	-
Changes in financial liabilities recognized at fair value	(127)	-	(265)	20
Financing expenses (Note 11)	(829)	(1,485)	(2,069)	(2,924)
Income before income taxes	83	756	656	452
Income tax recovery (expense)(Note 14)	92	(566)	(120)	(399)
Net income	\$ 175	\$ 190	\$ 536	\$ 53
Net income per share (Note 16)				
Basic	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.00
Diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.00
Weighted-average number of shares (Note 16)				
Basic	30,343,825	23,852,148	30,343,825	23,495,536
Diluted	31,357,736	24,210,904	31,382,726	24,390,748

See accompanying Notes to the Interim Condensed Consolidated Financial Statements

Tree Island Steel Ltd.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME***(in thousands of Canadian dollars - unaudited)*

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Net income	175	190	\$ 536	\$ 53
Other comprehensive income				
Unrealized income on translating financial statements of subsidiary operations	183	256	224	427
Comprehensive income	\$ 358	\$ 446	\$ 760	\$ 480

See accompanying Notes to the Interim Condensed Consolidated Financial Statements

Tree Island Steel Ltd.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF SHAREHOLDERS EQUITY

(in thousands of Canadian dollars - unaudited)

	Shareholders' Capital (Note 12)	Warrants and Equity Component of Convertible Debentures	Accumulated Deficit	Accumulated Other Comprehensive Income (loss)	Total
Balance as at December 31, 2013	\$ 214,307	\$ 606	\$ (187,431)	\$ 298	\$ 27,780
Conversion of Convertible Debentures (Note 9)	15,340	(585)	-	-	14,755
Conversion of Warrants (Note 12)	115	-	-	-	115
Net Income	-	-	361	-	361
Other comprehensive income	-	-	-	41	41
Balance as at March 31, 2014	\$ 229,762	\$ 21	\$ (187,070)	\$ 339	\$ 43,052
Net Income	-	-	175	-	175
Other comprehensive income	-	-	-	183	183
Balance as at June 30, 2014	\$ 229,762	\$ 21	\$ (186,895)	\$ 522	\$ 43,410

Balance as at December 31, 2012	\$ 211,311	\$ 720	\$ (186,776)	\$ (150)	\$ 25,105
Conversion of Convertible Debentures	607	(25)	-	-	582
Conversion of Warrants	173	(2)	-	-	171
Net loss	-	-	(137)	-	(137)
Other comprehensive income	-	-	-	171	171
Balance as at March 31, 2013	\$ 212,091	\$ 693	\$ (186,913)	\$ 21	\$ 25,892
Conversion of Convertible Debentures	23	(1)	-	-	22
Net Income	-	-	190	-	190
Other comprehensive income	-	-	-	256	256
Balance as at June 30, 2013	\$ 212,114	\$ 692	\$ (186,723)	\$ 277	\$ 26,360

See accompanying Notes to the Interim Condensed Consolidated Financial Statements

Tree Island Steel Ltd.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(in thousands of Canadian dollars - unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Cash flows from operating activities				
Net income	\$ 175	\$ 190	\$ 536	\$ 53
Adjustments for				
Depreciation	699	724	1,397	1,444
Changes in financial liabilities recognized at fair value	127	-	265	(20)
Loss on sale of property, plant and equipment	-	-	10	-
Amortization and write-off of deferred financing	153	15	169	31
Net finance costs	676	1,470	1,900	2,893
Deferred income tax (recovery) expense	(102)	549	101	370
Exchange revaluation on foreign denominated debt	(383)	379	53	605
Working capital adjustments:				
Accounts Receivable	90	1,101	(7,226)	(8,425)
Inventories	1,790	(17)	(6,298)	(1,665)
Accounts payable and accrued liabilities	(1,279)	(2,320)	5,284	1,275
Prepaid expenses	(1,662)	71	(2,747)	1,170
Income and other taxes	10	17	19	29
Other	589	(630)	251	(892)
Net cash provided by (used in) operating activities	883	1,549	(6,286)	(3,132)
Cash flows from investing activities				
Purchase of property, plant and equipment	(289)	(59)	(384)	(274)
Net cash used in investing activities	(289)	(59)	(384)	(274)
Cash flows from financing activities				
Repayment of Senior Term Loan	(110)	(125)	(235)	(250)
Repayment of long-term debt	(440)	(359)	(942)	(745)
Conversion of warrants	-	-	115	171
Interest paid	(412)	(759)	(1,359)	(1,537)
Redemption of debentures	-	-	(175)	-
Advance on (repayment of) Senior Revolving Facility	1,045	(375)	10,242	5,821
Net cash used in provided by (used in) financing activities	83	(1,618)	7,646	3,460
Effect of exchange rate changes on cash	(7)	28	1	44
Increase (decrease) in cash	670	(100)	977	98
Cash, beginning of period	1,571	2,569	1,264	2,371
Cash, end of period	\$ 2,241	\$ 2,469	\$ 2,241	\$ 2,469

See accompanying Notes to the Interim Condensed Consolidated Financial Statements

Tree Island Steel Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2014 and 2013

(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)

1. NATURE OF BUSINESS

These consolidated financial statements of Tree Island Steel Ltd. ("Tree Island Steel" or the "Company") for the three and six months ended June 30, 2014 were authorized for issue in accordance with a resolution of the Board of Directors on August 7, 2014.

Tree Island Steel is a corporation established under the laws of Canada on August 2, 2012 as a result of the corporate conversion noted below, and is headquartered at 3933 Boundary Road, Richmond, British Columbia, Canada. Tree Island Steel's shares are publicly traded on the Toronto Stock Exchange ("TSX") under the symbol TSL. Tree Island Steel is the successor to Tree Island Wire Income Fund (the "Fund")

Tree Island Steel owns 100% of the common shares of Tree Island Industries Ltd. ("TII") (collectively "Tree Island"). TII supplies a diverse range of steel wire and fabricated steel wire products to customers in Canada, the United States, and internationally.

On October 1, 2012, pursuant to an information circular dated August 15, 2012, the Fund was converted, on a tax deferred basis, from an open-ended limited purpose trust to an incorporated corporation (the "Corporate Conversion") pursuant to a plan of arrangement (the "Arrangement") under the Canada Business Corporations Act. Pursuant to the Corporate Conversion, Tree Island Steel acquired all of the outstanding units of the Fund ("Units"), in exchange for Common Shares ("Shares"), on the basis of one Share for each Unit. The Convertible Debentures ("Convertible Debentures") became debentures of Tree Island Steel. The Convertible Debentures were convertible, but into Shares of Tree Island Steel at the same price at which the Convertible Debentures were convertible into units of the Fund, subject to adjustment as provided for in the trust indenture governing the Convertible Debentures. The Warrants became warrants of Tree Island Steel and continue to be convertible, but into Shares of Tree Island Steel at the same price at which the Warrants were convertible into Units of the Fund, subject to adjustment as provided for in the Warrant Certificates governing the Warrants. As a result of the Corporate Conversion, Tree Island Steel became the sole holder of the outstanding Units. On October 1, 2012, the Fund was dissolved and all of its assets were transferred to, and all of its liabilities were assumed by, Tree Island Steel on that date. The exchange of the Units of the Fund to Tree Island Steel was recorded at the carrying values of the Fund's assets and liabilities on October 1, 2012.

2. BASIS OF PREPARATION

The interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2014 have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". They should be read in conjunction with the annual consolidated financial statements and the notes thereto for the year ended December 31, 2013 and do not include all information required for the full annual financial statements. Certain comparative information has been reclassified to conform to the presentation adopted during the period.

3. SIGNIFICANT ACCOUNTING POLICIES, CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The accounting policies, methods of application, and critical judgments and estimates used in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed in the annual consolidated financial statements as at December 31, 2013 except as noted below:

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 Consolidated Financial Statements. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Company, since none of the entities in the Company qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company.

Tree Island Steel Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2014 and 2013

(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)

Novation of Derivatives and Continuation of Hedge Accounting – Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Company.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. These amendments have no impact to the Company.

Levies - IFRIC 21

In May 2013, the IASB issued IFRIC Interpretation 21 Levies, which was developed by the IFRS Interpretations Committee. The interpretation clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be recognized before the specified minimum threshold is reached. The interpretation is applicable for annual periods beginning on or after January 1, 2014. The adoption of IFRIC 21 has had no material impact on the Company's financial statements

4. FUTURE IFRS STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Unless otherwise indicated below, Tree Island is in the process of assessing whether there will be any significant changes to its consolidated financial statements upon adoption of these new standards, interpretations, or amendments. At this time, Tree Island does not plan to early adopt any of these new standards, interpretations, or amendments.

IFRS 9 *Financial Instruments* – in November 2009, the IASB issued IFRS 9 as a first step in the process to replace IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 introduces new requirements for classifying and measuring financial assets, and could affect Tree Island's accounting for its financial assets. The standard is required to be adopted for annual periods beginning on or after January 1, 2015.

5. ACCOUNTS RECEIVABLE

	June 30	December 31
	2014	2013
Accounts Receivable		
Current	\$ 22,629	\$ 15,451
30-60 days past due	1,130	1,011
61-90 days past due	441	426
Over 91 days past due	164	261
	24,364	17,149
Allowance for doubtful accounts	(156)	(189)
Balance, end of period	\$ 24,208	\$ 16,960

The maximum credit risk that Tree Island was exposed to by way of its accounts receivable is equal to the net amount of \$24.2 million as at June 30, 2014.

Tree Island Steel Ltd.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the three and six months ended June 30, 2014 and 2013

(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)

6. INVENTORIES

	June 30 2014	December 31 2013
Raw materials	\$ 13,412	\$ 10,282
Finished and semi finished products	18,963	17,349
Consumable supplies and spare parts	9,283	7,676
	<u>\$ 41,658</u>	<u>\$ 35,307</u>

At each period end, the ending inventories on hand are reviewed to determine if a write down to net realizable value is required. Write downs were not considered necessary in either the current or prior period.

In the three months ended June 30, 2014 and 2013, cost of goods sold was recognized for the following:

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Opening inventory	\$ 43,946	\$ 34,618	\$ 35,307	\$ 32,732
Raw material purchases	26,336	23,938	62,217	49,797
Finished goods purchased for resale	2,102	1,758	3,889	2,495
Conversion costs	11,731	9,321	22,615	17,748
Inventories, closing	(41,658)	(35,161)	(41,658)	(35,161)
Cost of goods sold	<u>\$ 42,457</u>	<u>\$ 34,474</u>	<u>\$ 82,370</u>	<u>\$ 67,611</u>

7. PROPERTY, PLANT, AND EQUIPMENT

	Land & Improvements	Building & Improvements	Machinery & Equipment	Construction in progress	Total
Cost					
As at December 31, 2013	\$ 9,201	\$ 39,376	\$ 17,517	\$ 243	\$ 66,337
Additions	-	-	44	441	485
Disposals	-	-	(15)	-	(15)
Foreign currency translation	6	21	23	-	50
As at June 30, 2014	<u>\$ 9,207</u>	<u>\$ 39,397</u>	<u>\$ 17,569</u>	<u>\$ 684</u>	<u>\$ 66,857</u>
Accumulated depreciation and impairment					
As at December 31, 2013	\$ -	\$ 28,236	\$ 7,846	\$ -	\$ 36,082
Depreciation charge for the period	-	660	737	-	1,397
Disposals	-	-	(5)	-	(5)
Foreign currency translation	-	11	2	-	13
As at June 30, 2014	<u>\$ -</u>	<u>\$ 28,907</u>	<u>\$ 8,580</u>	<u>\$ -</u>	<u>\$ 37,487</u>
Net book values as at:					
December 31, 2013	\$ 9,201	\$ 11,140	\$ 9,671	\$ 243	\$ 30,255
June 30, 2014	<u>\$ 9,207</u>	<u>\$ 10,490</u>	<u>\$ 8,989</u>	<u>\$ 684</u>	<u>\$ 29,370</u>

Tree Island Steel Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2014 and 2013

(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)

8. SENIOR CREDIT FACILITY

On April 21, 2014, the Company renewed its senior banking facility with Wells Fargo Capital Finance Corporation Canada ("Wells Fargo"). The five year senior secured committed banking facility (the "Senior Credit Facility") has been increased to \$60 million and now matures on April 21, 2019. Under the terms of the Senior Credit Facility, up to \$60 million may be borrowed for Tree Island's financing requirements in Canadian and/or US dollars of which \$4.1 million has been advanced as a term loan. Additionally, a \$10 million Letter of Credit sub-facility will enable Tree Island to open documentary letters of credit for raw material purchases. Interest is charged at variable rates based on the Canadian and/or US Prime rate and the Canadian B.A. rate and/or the Eurodollar rate. The amount advanced under the Senior Credit Facility at any time is limited to a defined percentage of inventories, accounts receivable and real estate, less certain reserves. The Senior Credit Facility is secured by a first charge over Tree Island's assets supported by the appropriate guarantees, pledges and assignments, and requires that certain covenants be met by Tree Island.

8.1 Senior Revolving Facility

As at June 30, 2014 the Company was in compliance with both the financial and non-financial covenants on the Senior Revolving Facility.

8.2 Senior Term Loan

The following amounts are outstanding under the Senior Term Loan:

	June 30	December 31
	2014	2013
Senior Term Loan, beginning of period	\$ 4,292	\$ 4,792
Payments	(235)	(500)
Senior Term Loan, end of period	4,057	4,292
Less current portion	(413)	(500)
	\$ 3,644	\$ 3,792

9. CONVERTIBLE DEBENTURES

	June 30	December 31
	2014	2013
Convertible Debentures, beginning of period	\$ 14,696	\$ 15,634
Accretion of debt discount for the period	527	3,626
Payment of interest in cash	(534)	(1,899)
Conversion of debentures to Tree Island shares	(14,514)	(2,665)
Redemption of debentures	(175)	-
Convertible Debentures, end of period	\$ -	\$ 14,696

On January 27, 2014, Tree Island Steel announced that it would redeem all of the Convertible Debentures on March 4, 2014 (the "Redemption Date"). On the Redemption Date, Tree Island Steel would pay to the holders of redeemed Convertible Debentures a redemption price equal to the principal amount par value of \$100 per Debenture, plus accrued and unpaid interest up to but excluding the Redemption Date. Holders of Debentures retained their right to convert all or any part of the outstanding principal amount of the Debentures into common shares of Tree Island Steel at the Conversion Price of \$0.50 per common share until the day prior to the Redemption Date.

Tree Island Steel Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2014 and 2013

(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)

On the Redemption Date, the Company completed the redemption of its Convertible Debentures scheduled to mature on November 26, 2014 for an aggregate principal amount of \$175 thousand. Between January 1, 2014 and the Redemption Date, \$15.9 million of Convertible Debentures were converted into 31,938,800 pre-consolidation shares.

10. LONG-TERM DEBT

	Year of Maturity		June 30 2014	December 31 2013
Beginning of period	2028	\$	11,069	\$ 10,833
Payments			(942)	(1,519)
Foreign exchange revaluation			53	732
Accretion of debt discount			530	1,023
End of period			10,710	11,069
Less current portion			(1,409)	(1,351)
		\$	9,301	\$ 9,718

A provision exists for early payment of a portion of the principal outstanding if certain conditions are met. As at June 30, 2014 a provision of \$412 thousand (2013 - \$138 thousand) has been accrued and is included in other noncurrent liabilities.

11. FINANCING EXPENSES

	Three months ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Non-cash accretion of debt discount and interest on long-term debt and Convertible Debentures	\$ 261	\$ 711	\$ 524	\$ 1,365
Cash interest on debentures	-	457	534	939
Interest on Senior Credit Facility	202	113	398	295
Other interest and financing costs	213	189	444	294
Amortization of deferred financing costs	153	15	169	31
	\$ 829	\$ 1,485	\$ 2,069	\$ 2,924

Tree Island Steel Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2014 and 2013

(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)

12. SHAREHOLDERS' CAPITAL

During the period Tree Island Steel had the following Share transactions:

	Shares	Gross	Issuance Costs ⁽¹⁾	Net
Shareholders' capital - December 31, 2013	28,546,350	\$ 225,707	\$ 11,400	\$ 214,307
Conversion of Convertible Debentures	31,938,800	15,340	-	15,340
Conversion of Warrants	202,500	115	-	115
Shareholders' capital - March 31, 2014	60,687,650	\$ 241,162	\$ 11,400	\$ 229,762
Effect of reverse stock split (2 for 1)	(30,343,825)	\$ -	\$ -	\$ -
Shareholders' capital - June 30, 2014	30,343,825	\$ 241,162	\$ 11,400	\$ 229,762

(1) Issuance costs were incurred as a result of the November 2002 Initial Public Offering and October 2004 Secondary Offering.

The Company's shareholders approved the previously announced consolidation of the Company's Common Shares on the basis of one (1) post-consolidation Common Share for every two (2) pre-consolidation Common Shares (the "Share Consolidation") which was effective May 13, 2014.

Warrants

In 2009, the Fund issued 4,875,000 Warrants to certain investors. The Warrants had an exercise price of \$0.57 and expire November 26, 2014. However after the share consolidation the exercise price on the warrants is \$1.14 and the number of Warrants outstanding was reduced to on the same basis as the Common Shares upon the Share Consolidation. No warrants were exercised during the three months ended June 30, 2014. For the six months ended June 30 2014, 202,500 Warrants were exercised for proceeds of \$115 thousand. As at June 30, 2014 there were 2,186,250 warrants outstanding.

13. RELATED PARTY TRANSACTIONS

Transactions with associated companies

The Futura Corporation ("Futura"), is considered to be a related party of Tree Island because of its ownership interest and holding two positions on the Board of Directors. Futura has purchased \$5.0 million of the Convertible Debentures and was issued 1,875,000 Warrants. Subsequent to year end, Futura converted \$5.0 million in Convertible Debentures to 10.0 million shares of Tree Island Steel. Based on Tree Island Steel's fully diluted common shares as at June 30, 2014, Futura owns 29.1% of the fully diluted common shares of the Company.

As well, Tree Island sells products to subsidiaries of a company of which Mr. Doman is Chairman and CEO, CanWel Building Materials Group Ltd. ("CanWel"), which amounted to, net of rebates, \$0.5 million and \$1.7 million (2013 - \$0.6 million and 1.9 million) during the three and six months ended June 30, 2014. Trade accounts receivable owing from CanWel as at June 30, 2014 was \$0.1 million (2013 - \$0.3 million). Outstanding trade accounts receivable from CanWel at period end are unsecured, interest free and settlement occurs in cash.

Transactions with key management personnel

Included in the definition of key management for purposes of disclosure of related party transactions are members of Board of Directors and officers of Tree Island. Short-term employee benefits for key management personnel for the three and six months ended June 30, 2014 were \$0.9 million and \$1.3 million (2013 - \$0.6 million and \$1.0 million) which includes wages, salaries, unit-based compensation and social security contributions, paid annual and sick leave, vehicle costs and bonuses. It also includes Directors fees paid to members of the Board.

Tree Island Steel Ltd.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2014 and 2013

(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)

14. INCOME TAXES

The income tax (expense) recovery is divided between current and deferred taxes as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
<i>Recorded in the statement of operations</i>				
Current tax expense	\$ (10)	\$ (17)	\$ (19)	\$ (29)
Deferred tax (expense) recovery	102	(549)	(101)	(370)
	\$ 92	\$ (566)	\$ (120)	\$ (399)

15. FINANCIAL INSTRUMENTS

15.1 Fair value of financial instruments

Tree Island records certain of its financial instruments at fair value using various techniques. These include estimates of fair values based on prevailing market rates (bid and ask prices, as appropriate) for instruments with similar characteristics and risk profiles or internal or external valuation models, such as discounted cash flow analysis and option pricing models, using, to the extent possible, observable market-based inputs.

Below is a comparison by class of the carrying amounts and fair value of Tree Island's financial instruments that are carried in the financial statements.

	June 30, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash	\$ 2,241	\$ 2,241	\$ 1,264	\$ 1,264
Accounts receivable	24,208	24,208	16,960	16,960
Foreign exchange forward contracts	154	154	111	111
Total financial assets	\$ 26,603	\$ 26,603	\$ 18,335	\$ 18,335
Financial liabilities				
Senior Revolving Facility	\$ 27,021	\$ 27,021	\$ 16,370	\$ 16,370
Accounts payable and accrued liabilities	13,261	13,261	7,619	7,619
Finance lease	57	57	86	86
Senior Term Loan	4,057	4,057	4,292	4,292
Long-term debt	10,710	12,468	11,069	11,834
Convertible debentures	-	-	14,696	16,534
Change of control premium	-	-	241	241
Early payment option	412	412	410	410
Total financial liabilities	\$ 55,518	\$ 57,276	\$ 54,783	\$ 57,386

The fair values of the financial assets and financial liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash, accounts receivable, Senior Revolving Facility, and accounts payable and accrued liabilities approximate their carrying amounts largely due to the short-term nature of these instruments.
- Fair value on the Company's finance lease, Senior Term Loan, and long-term debt are based on estimated market interest rate on similar borrowings. The fair value of the finance lease and Senior Term Loan approximate fair value as the interest rates approximate market. A 1% change in the market interest rate would change the fair value of long term debt by \$676 thousand.

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- Convertible Debentures were traded on the TSX and the fair value disclosed is based on the closing price at period end less the fair values of the change of control premium, conversion feature, and Warrants. Fair value of the conversion feature and Warrants were estimated using the Black-Scholes Option Pricing Model
- Fair value of the change of control premium was estimated using the Black-Scholes Option Pricing Model.
- Fair value of the early payment option is estimated using a discounted cash flow analysis and a discount rate of 9%.
- Fair value of the forward exchange forward contracts are estimated using observable foreign exchange spot and forward rates. The Company does not consider interest rates or the credit quality of counterparties as significant inputs to the valuation.

15.2 Fair value hierarchy

The financial instruments have been categorized on a fair value hierarchy based on whether the inputs to those valuation techniques are observable (inputs reflect market data obtained from independent sources) or unobservable (inputs reflect the Company's market assumptions).

The three levels of fair value estimation are:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table summarizes the classification of the Company's financial assets and liabilities into three levels based upon a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	June 30,				
	2014	Level 1	Level 2	Level 3	
Accounts receivable	\$ 24,208	\$ -	\$ -	\$ 24,208	
Senior revolving facility	27,021	-	27,021	-	
Accounts payable and accrued liabilities	13,261	-	-	13,261	
Finance lease	57	-	57	-	
Senior term loan	4,057	-	4,057	-	
Long-term debt	10,710	-	-	10,710	
Early payment option	412	-	-	412	
Foreign Exchange Forward Contracts	154	-	154	-	
	\$ 79,880	\$ -	\$ 31,289	\$ 48,591	

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Description of significant unobservable inputs to valuation of financial instruments measured at fair value and classified as level 2 or 3 in the fair value hierarchy:

	Valuation technique	Significant unobservable inputs	Sensitivity of the input to fair value
Early payment option	DCF	% of purchase qualifying for early payment	5% increase(decrease) in the percentage of qualifying purchases for early payment would result in an increase (decrease) in fair value of \$21 thousand
	DCF	Change in discount rate	1% increase in the discount rate would result in an increase in fair value of \$11 thousand, while 1% decrease in the discount rate would result in a \$12 thousand decrease

15.3 Risk exposure and management

Tree Island is exposed to various risks associated with its financial instruments. These risks are categorized as credit risk, liquidity risk and market risk.

Credit risk

Credit risk consists of credit losses arising in the event of non-payment of accounts receivable of customer accounts. However, the credit risk is minimized through selling to well-established customers of high-credit quality. The credit worthiness of customers is assessed using credit scores supplied by a third party and through direct monitoring of their financial well-being on a continual basis. Management establishes guidelines for customer credit limits and should thresholds in these areas be reached, appropriate precautions are taken to improve collectability. Provisions for potential credit losses (allowance for doubtful accounts) are maintained and any such losses to date have been within management's expectations.

Liquidity risk

Liquidity arises from our financial obligations and in the management of our assets, liabilities and capital structure. This risk is managed by regular evaluation of our liquid financial resources to fund current and long-term obligations and to meet its capital commitments in a cost-effective manner.

The main factors that affect liquidity include realized sales prices, production levels, cash production costs, working capital requirements, future capital expenditure requirements, scheduled payments on financial liabilities and lease obligations, credit capacity and expected future debt and equity capital market conditions.

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The table below summarizes the future undiscounted contractual cash flow requirements for financial liabilities (including scheduled interest payments on interest bearing liabilities) as at June 30, 2014 and December 31, 2013:

June 30, 2014	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1 - 2 Years	Greater than 2 Years
Senior Revolving Facility	\$ 27,021	\$ 27,021	\$ 27,021	\$ -	\$ -
Accounts payable and accrued liabilities	13,261	\$ 13,261	13,261	-	-
Finance lease (Note 22.5)	57	\$ 61	61	-	-
Senior Term Loan (Note 9.2)	4,057	\$ 4,057	420	825	2,812
Long-term debt (Note 11)	10,710	\$ 18,904	1,647	2,893	14,364
Convertible debentures (Note 10)	-	\$ -	-	-	-
	\$ 55,106	\$ 63,304	\$ 42,410	\$ 3,718	\$ 17,176

December 31, 2013	Carrying Amount	Contractual Cash Flow	Less than 1 Year	1 - 2 Years	Greater than 2 Years
Senior Revolving Facility	\$ 16,370	\$ 16,370	\$ 16,370	\$ -	\$ -
Accounts payable and accrued liabilities	7,619	7,619	7,619	-	-
Finance lease (Note 22.5)	86	92	66	26	-
Senior Term Loan (Note 9.2)	4,292	4,292	500	1,000	2,792
Long-term debt (Note 11)	11,069	19,071	1,351	2,882	14,838
Convertible debentures (Note 10)	14,696	18,010	18,010	-	-
	\$ 54,132	\$ 65,454	\$ 43,916	\$ 3,908	\$ 17,630

Liquidity requirements are met through a variety of sources including cash balances on hand, cash generated from operations, existing credit facilities, and debt and equity capital markets. Management monitors and manages liquidity risk by preparing annual budgets, monthly projections to the end of the fiscal year and regular monitoring of financial liabilities against the constraints of the available revolving credit facilities.

Market risk

Foreign currency risk

The significant market risk exposures affecting the financial instruments are those related to foreign currency exchange rates and interest rates. An increase of \$0.01 increase (decrease) in the Canadian dollar to US dollar exchange rate would result in a \$287 thousand dollar increase (decrease) in comprehensive income.

Tree Island's US dollar-denominated cash, accounts receivable, accounts payable and accrued liabilities, Senior Credit Facility and long-term debt are exposed to foreign currency exchange rate risk because the value of these financial instruments will fluctuate with changes in the US/Canadian dollar exchange rate. Tree Island's RMB denominated cash, accounts receivable, accounts payable and accrued liabilities are exposed to foreign currency exchange rate risk because the value of these financial instruments will fluctuate with changes in the RMB/Canadian dollar exchange rate. The Company enters into US dollar currency forward contracts for periods consistent with a portion of US dollar currency transaction exposures, generally from one to three months. These are not designated as cash flow, fair value or net investment hedges. The fair value of outstanding US dollar currency forwards as at June 30, 2014 was for notional \$6.8 million and the mark-to-market loss on those contracts was \$154 thousand.

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Interest rate risk

Tree Island is exposed to interest rate risk on its Senior Credit Facility, which is further discussed in Note 9. A 1% increase in the interest rates charged on the Senior Credit Facility would increase financing expenses by \$270 thousand. Tree Island does not use derivative instruments to manage the interest rate risk.

16. NET INCOME (LOSS) PER SHARE

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Net income for the period	175	190	536	53
Dilutive effect of:				
Warrants	-	-	-	-
Net income for the period adjusted for the effect of dilution	175	190	536	54

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Weighted average number of shares outstanding during the period - basic	30,343,825	23,852,148	30,343,825	23,495,536
Dilutive effect of:				
Warrants	1,013,911	358,756	1,038,901	895,212
Weighted average number of shares outstanding during the period - diluted	31,357,736	24,210,904	31,382,726	24,390,748

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Net income per share				
Basic	0.01	0.01	0.02	0.00
Diluted	0.01	0.01	0.02	0.00

There have been no additional transactions involving Shares or potential Shares between the reporting date and the date of completion of these consolidated financial statements.

17. PROVISIONS AND COMMITMENTS

17.1 Litigation and claims

Tree Island is party to certain legal actions and claims, none of which individually, or in the aggregate, is expected to have a material adverse effect on its financial position, statement of operations or cash flows.

17.2 Purchase commitments

Tree Island's wholly owned subsidiaries have committed to raw material purchases totaling \$42.9 million (US\$40.1 million) at June 30, 2014 and imported finished goods purchases of \$3.2 million (US\$3.0 million). These purchases are in the normal course of operations.

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17.3 Finance lease commitments

Tree Island has a finance lease for certain machinery and equipment which bears interest at 5.5% per annum and matures in May 2015. Future minimum lease payments under the finance lease with the present value of the net minimum lease payments are as follows:

	Minimum Payments	2014 Present Value of Payments	Minimum Payments	2013 Present Value of Payments
Less than 1 year	\$ 61	\$ 57	\$ 66	\$ 60
1 to 5 years	-	-	26	26
More than 5 years	-	-	-	-
Total minimum lease payments	61	57	92	86
Less amounts representing finance charges	(4)	-	(6)	-
Present value of minimum lease payments	\$ 57	\$ 57	\$ 86	\$ 86

18. SEGMENTED INFORMATION

Tree Island operates primarily within one industry, the steel wire products industry, with no separately reportable operating segments. Tree Island groups its products into the following: industrial, residential construction, commercial construction, agricultural, and specialty. Revenues for each group for the three and six months ended June 30, 2014 and 2013 were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Industrial	\$ 18,478	\$ 13,816	\$ 35,874	\$ 25,011
Residential construction	13,388	13,014	26,134	23,646
Commercial construction	7,001	7,082	13,889	13,764
Agricultural	4,704	2,880	9,878	8,706
Specialty	4,211	3,802	7,930	7,560
	\$ 47,782	\$ 40,594	\$ 93,705	\$ 78,687

No one customer is more than 10% of total revenue.

Geographic information

The products are sold primarily to customers in the United States and Canada.

	Three Months Ended June 30		Six Months Ended June 30	
	2014	2013	2014	2013
Sales ⁽¹⁾				
Canada	\$ 15,147	\$ 13,222	\$ 31,705	\$ 29,670
United States	31,469	26,181	59,653	46,763
Other	1,166	1,191	2,347	2,254
	\$ 47,782	\$ 40,594	\$ 93,705	\$ 78,687

⁽¹⁾ Sales are attributed to geographic areas based on the location of customers.

Tree Island Steel Ltd.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS***For the three and six months ended June 30, 2014 and 2013**(in thousands of Canadian dollars, except shares and per-share amounts - unaudited)*

Non-current assets for this purpose consist of property, plant and equipment and other non-current assets. These assets are attributed to geographic areas based on the locations of the subsidiary company owning the assets.

	June 30		December 31
	2014		2013
Non-current assets			
Canada	\$ 22,401	\$	23,054
United States	7,045		7,357
China	2		2
	<u>\$ 29,448</u>	<u>\$</u>	<u>30,413</u>

SHAREHOLDER INFORMATION

TREE ISLAND STEEL
LTD. (formerly Tree
Island Wire Income
Fund)

Board of Directors:

Amar S. Doman –
Chairman of the Board

Dale R. MacLean

Harry Rosenfeld

Michael Fitch

Sam Fleiser

Theodore A. Leja



Leadership Team:

Dale R. MacLean
*President and Chief
Executive Officer*

Nancy Davies
*Chief Financial Officer
and Vice President,
Finance*

Stephen Ogden
*Vice President,
Operations*

Remy Stachowiak
*Vice President, Sales and
Marketing*

James Miller
*Vice President, Corporate
Development and
Procurement*

Shares:

Market Information

On October 1, 2012, Tree
Island Wire Income Fund
converted to a
corporation. Effective
October 3, 2012, the
corporation, Tree Island
Steel Ltd., is listed on the
Toronto Stock Exchange
trading symbol: TSL.

Registrar and Transfer Agent

Computershare Investor
Services Inc.

Corporate Head Office:

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Richmond, B.C.
Canada, V6V 1T8

Website:

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Investor Relations:

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Investor Relations
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amahdavi@treeisland.com

Auditors:

Ernst & Young LLP
Vancouver, B.C.